LASCO FINANCIAL SERVICES

Everyday Financial Value

Q1

UNAUDITED QUARTERLY FINANCIAL REPORT

APRIL –JUNE 2016

LASCO FINANCIAL SERVICES LIMITED
1st Quarter April – June 2016

The Board of Directors of LASCO Financial Services Limited (LFSL) is pleased to present the company's first quarter unaudited financial results for the 2016/17 financial year.

LFSL recorded $260.6M in revenue for its first quarter, which represents growth of $69M or 36% relative to the corresponding period in 2015. Income from core business lines increased $62.1M or 35.4% whilst other income increased by $6.8M or 42% more than the previous year. Growth continues to be driven by our marketing efforts in the diaspora, resulting in increased remittance transfers and the continuous expansion of the local remittance agent network. The Cambio business also experienced growth in transactions as well as margins and the loans division continues to benefit from the expansion of the business loans unit.

INCOME STATEMENT HIGHLIGHTS

	1st Q 2016 $'000	1st Q 2015 $'000
TOTAL REVENUE	260,652	191,643
TAXATION	11,920	-
NET PROFIT FOR THE PERIOD	57,731	54,154
EPS	$0.0465	$0.0441

Total expenses for the first quarter increased by 38% to $190.7M. This is primarily due to a 51% increase in administrative expenses and 27.5% increase in selling and promotion expenses, when compared with the 2015 corresponding period. The net increase in expense is reflecting the expansion of our business lines, all of which were implemented in the last two quarters of the previous financial year. Staff costs, software support and marketing programmes contributed to the higher cost of operations.

Net Profits before taxation increased 28% from $54.1M to $69.6M and a 6.6% increase in Profit after taxation from $54.1M to $57.7M after adjusting for taxation of $11.9M.

LASCO FINANCIAL SERVICES LIMITED
1st Quarter April – June 2016

BALANCE SHEET HIGHLIGHTS

	Q1 2016 $'000	Q1 2015 $'000
CASH EQUIVALENTS & SHORT TERM DEPOSITS	619,385	563,333
TOTAL ASSETS	1,270,720	1,046,326
DIVIDEND PAYABLE	43,497	-
STOCKHOLDERS' EQUITY	1,270,720	1,046,326

LFSL now holds assets of over $1.2 Billion dollars, reflecting growth of 21.4% over the corresponding quarter of the previous year. Also notable are the increases in cash equivalents and short term deposits and stockholder's equity which grew by 10% and 16.4% respectively. The company's liquidity is necessary for the business model and is an integral aspect of its ability to continue on a sustainable growth path.

At a meeting on June 16, 2016 the Board resolved that Shareholders on record as at June 30, 2016, be paid an interim of $0.035 per share. On July 12, 2016 a total of $43.4M was paid, representing 21% of profit for the financial year ended March 2016.

During the quarter we reaffirmed our support of the Social Development Commission and its numerous community-based national developmental projects such as the staging of its national T20 Community Cricket Competition. We also endorsed this year's Jamaica Cultural Development Commission's Festival Queen Competition which continues to encourage the development of cultural awareness, talent and creativity in young women. Resources were also allocated to the support of the Jamaica Business Development Corporation Small Business Expo where we were able to interact with our customers, providing them with much needed guidance and financial support.

Thank you for your continued support. Our board and management also extend its good wishes to the agents, customers and staff who continue to help us to *Make it Happen*!

JACINTH HALL-TRACEY
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 3 MONTHS ENDED 30 JUNE 2016

	Note	UNAUDITED	UNAUDITED	AUDITED
		3 MONTHS ENDED 30 JUNE 2016	3 MONTHS ENDED 30 JUNE 2015	12 MONTHS ENDED 31 MARCH 2016
		$'000	$'000	$'000
REVENUE				
Income		237,484	182,323	805,751
Other income		23,168	9,320	64,258
		260,652	191,643	870,009
EXPENSES:				
Administrative and other expenses		(97,448)	(73,126)	(307,261)
Selling and promotion expenses		(93,278)	(64,247)	(341,460)
		(190,726)	(137,373)	(648,721)
PROFIT FROM OPERATIONS		69,926	54,270	221,288
Finance cost		(275)	(116)	(318)
PROFIT BEFORE TAXATION		69,651	54,154	220,970
Taxation		(11,920)	-	(17,591)
NET PROFIT FOR THE PERIOD		57,731	54,154	203,379
OTHER COMPREHENSIVE INCOME:				
Items that will or may not be reclassified to profit or loss -				
Share Option Plan		1,084	1,388	2,834
TOTAL COMPREHENSIVE INCOME		58,815	55,542	206,213
Number of shares in issue	3	1,242,769	1,228,102	1,242,769
Basic Earnings per stock unit		$0.0465	$0.0441	$0.1655

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	UNAUDITED JUNE 2016 $'000	UNAUDITED JUNE 2015 $'000	AUDITED MARCH 2016 $'000
ASSETS				
Cash and cash equivalents		488,535	354,498	334,060
short term deposits		130,850	208,835	130,850
Loans and receivables		445,305	339,059	466,489
Inventories		9,507		23,686
Related companies		657		352
Taxation recoverable		7,171		6,864
Investment property		115,000	100,000	115,000
Property, plant and equipment		60,216	28,567	57,863
Intangible assets		13,479	15,367	14,435
TOTAL ASSETS		1,270,720	1,046,326	1,149,599
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		148,106	177,438	138,592
Related companies		1,536	1,012	1,230
Short term loan	5	43,837		
Dividend payable		43,497		
Taxation		22,101		13,452
Deferred Taxation		1,306		1,306
		260,383	178,450	154,580
EQUITY:				
Share capital	3	68,535	50,523	68,535
Share option reserve		7,411	8,226	6,327
Retained earnings		934,391	809,127	920,157
		1,010,337	867,876	995,019
TOTAL LIABILITIES AND EQUITY		1,270,720	1,046,326	1,149,599

Approved for issue by the Board of Directors on 26 July 2016 and signed on its behalf by:

Hon. Lascelles A. Chin, O.J, C.D, LLD (Hon. Causa)
Chairman

Jacinth Hall-Tracey
Managing Director

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3 MONTHS ENDED 30 JUNE 2016

	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2015	50,523	6,838	754,973	812,334
Total comprehensive income:				
Net profit		-	54,154	54,154
Other comprehensive income		1,388		1,388
Balance at 30 June 2015	50,523	8,226	809,127	867,876
Balance at 1 April 2016	68,535	6,327	920,157	995,019
				-
Total comprehensive income:				-
Net profit	-	-	57,731	57,731
Other comprehensive income	-	1,084	-	1,084
Dividends declared	-		(43,497)	(43,497)
Balance at 30 June 2016	68,535	7,411	934,391	1,010,337

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2016

	UNAUDITED 3 MONTHS ENDED 30 JUNE 2016 $'000	UNAUDITED 3 MONTHS ENDED 30 JUNE 2015 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	57,731	54,154	203,379
Items not affecting cash resources:			
Effects of exchange	(750)	(1,661)	178
Gain on disposal of property, plant and equipment	-	-	(165)
Stock options - value of service expensed	1,084	1,388	2,834
Fair value gain on investment property	-	-	(15,000)
Amortisation of Intangible asset	956	865	3,600
Depreciation	1,764	1,192	5,617
Interest income	(4,663)	(2,177)	(10,784)
Taxation expense	11,920	-	16,285
Deferred taxation	-	-	1,306
	68,042	53,761	207,250
Changes in operating assets and liabilities			
Receivables	21,184	19,246	(112,948)
Related companies	1	(693)	(827)
Payables	9,514	(23,746)	(62,917)
Inventories	14,179	-	(23,686)
	112,920	48,568	6,872
Taxation paid	(3,578)		(5,114)
Cash provided by operating activities	109,342	48,568	1,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,663	2,177	10,784
Acquisition of intangible asset	-		(1,803)
Additions to property, plant and equipment	(4,117)	(1,718)	(35,609)
Proceeds from disposal of property, plant and equipment	-		335
Short term deposits	-	(14,993)	62,992
Cash (used in)/provided by investing activities	546	(14,534)	36,699
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received	43,837	-	-
Issued shares	-	-	14,667
Dividends paid	-	-	(38,195)
Cash provided by/(used in) financing activities	43,837	-	(23,528)
NET INCREASE IN CASH AND CASH EQUIVALENTS	153,725	34,034	14,929
Effects of exchange rate translation on cash and cash equivalents	750	1,661	328
Cash and cash equivalents at beginning of period	334,060	318,803	318,803
CASH AND CASH EQUIVALENTS AT END OF PERIOD	488,535	354,498	334,060

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

(a) LASCO Financial Services Limited ("the Company") is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activities of the company are:

- The company is a licenced Cambio dealer regulated by the Bank of Jamaica. The Cambio facilitates the sale and purchase of foreign currencies.

- The provision of services as an agent of MoneyGram International Money Transfer which is a Remittance company facilitating person to person transfers for a fee, in accordance with licenses issued by the Bank of Jamaica.

- The rental of properties.

- The granting of loans for personal and business purposes. By Order dated 10 March 2016, the company received an exemption from the provisions of the Money Lending Act by the Minister of Finance for one year from 21 March 2016, renewable annually

(c) LASCO Financial Services (Barbados) Limited is a 100% owned subsidiary of the company. LASCO Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap.308 of the Laws of Barbados.

The company and its subsidiary are referred to as "the Group".

2. BASIS OF PREPARATION:

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act and as set out in note 3 of the audited financial statements as at 31 March 2016.

3. SHARE CAPITAL:

Authorised –
1,961,200,000 (2015 – 1,961,200,000) Ordinary shares of no par value

	2016 $'000	2015 $'000
Stated capital, issued and fully paid - 1,242,769,657 (2015 - 1,228,102,990) Ordinary shares of no par value	68,535	50,523

4. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at the end of the period

	2016	2015
Net profit attributable to stockholders ($'000)	57,731	54,154
Weighted average number of ordinary stock units ('000)	1,242,769	1,228,102
Basic earnings per stock unit	$0.0465	$ 0.0441

5. SHORT-TERM LOAN

On 28 December 2015, the company entered into an agreement with the Development Bank of Jamaica Limited under its Micro Finance Institution loan facility, for $100,000,000 line of credit. Disbursements are in tranches upon demand by the company and is subject to a variable interest rate of 10% per annum. As at 30 June 2016, $43.8m was received which is repayable quarterly up to a maximum of twelve (12) months.

Proceeds from the facility is currently being used by the company to finance loans to persons or entities involved in the Micro Enterprise Sector.